

## CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by:

Developer SunStone Realty Partners XIV LLC

Address 1001 Bishop Street, Pauahi Tower Suite 1250, Honolulu, Hawaii 96813

Project Name(\*): THE FAIRWAY VILLAS AT WAIKOLOA BEACH RESORT (This report covers the 108 Apartments in Buildings A, B, C, D, E, F, G, H and I)

Address: Waikoloa Beach Drive, Waikoloa, Hawaii

Registration No. 4879

Effective date: August 19, 2002

Expiration date: May 19, 2003

### Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

**Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.**

**Expiration Date of Reports.** Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

**Exception:** The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

### Type of Report:

- ☐ **PRELIMINARY:**  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- ☒ **CONTINGENT**  
**FINAL:**  
(green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.  
[ ] No prior reports have been issued.  
[X] This report supersedes a prior public report: specifically the Preliminary Public Report for Reg. No. 4635, dated June 13, 2001, as it relates to the 108 Apartments in Buildings A, B, C, D, E, F, G, H and I; a Final Public Report for Reg. No. 4635, with an effective date of February 8, 2002, covers the 57 Apartments in Buildings J, K, L, M, N and O, and still applies to said 57 Apartments.
- ☐ **FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission.  
[ ] No prior reports have been issued.  
[ ] This report supersedes all prior public reports.  
[ ] This report must be read together with \_\_\_\_\_
- ☐ **SUPPLEMENTARY:**  
(pink) This report updates information contained in the: \_\_\_\_\_  
[ ] Preliminary Public Report dated: \_\_\_\_\_  
[ ] Final Public Report dated: \_\_\_\_\_  
[ ] Supplementary Public Report dated: \_\_\_\_\_
- And [ ] Supersedes all prior public reports.  
[ ] Must be read together with \_\_\_\_\_  
[ ] This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration

*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.*

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

☐ Required and attached to this report ☒ Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☐ No prior reports have been issued by the developer.

☒ Changes made are as follows:

1. **Incremental Development.** This Contingent Final Public Report covers only the 108 apartments in Buildings A, B, C, D, E, F, G, H and I of The Fairway Villas at Waikoloa Beach Resort and supersedes the Preliminary Public Report issued under Registration No. 4635 with an effective date of June 13, 2001. A previously issued Final Public Report under Registration No. 4635 with an effective date of February 8, 2002, covered the other 57 apartments of The Fairway Villas at Waikoloa Beach Resort in Buildings J, K, L, M, N and O.
2. **Apartments Re-Numbered.** Certain of the apartments covered by this contingent final public report have been re-numbered as follows:

Old Number	New Number	Old Number	New Number	Old Number	New Number	Old Number	New Number	Old Number	New Number
A5	A21	A6	A22	A7	A31	A8	A32	B7	B21
B8	B22	B9	B23	B10	B24	B11	B31	B12	B32
B13	B33	B14	B34	C5	C21	C6	C22	C7	C31
C8	C32	D7	D21	D8	D22	D9	D23	D10	D24
D11	D31	D12	D32	D13	D33	D14	D34	E7	E21
E8	E22	E9	E23	E10	E24	E11	E31	E12	E32
E13	E33	E14	E34	F7	F21	F8	F22	F9	F23
F10	F24	F11	F31	F12	F32	F13	F33	F14	F34
G7	G21	G8	G22	G9	G23	G10	G24	G11	G31
G12	G32	G13	G33	G14	G34	H5	H21	H6	H22
H7	H31	H8	H32	I7	I21	I8	I22	I9	I23
I10	I24	I11	I31	I12	I32	I13	I33	I14	I34

**Purchasers who entered into reservation agreements pursuant to the preliminary public report for one of the apartments covered by this contingent final public report should specifically consider the re-numbering of the apartments.**

3. **Building Type I.** Two of the 14 apartments in each of the Building Type I buildings have been changed from Plan 1 apartments to Plan 2V apartments. Partly as a result of such change, the common interests appurtenant to the respective apartments have been revised from what was reflected in the Preliminary Public Report for the project. See page 11 of this public report for more complete information on unit allocation. See EXHIBIT "E" of this public report for more complete information on common interest allocation.
4. **New Apartment Type.** A new apartment plan (2V) has been added to the project. Section III.C.6 on page 11 of this public report provides general information on the Plan 2V Apartments. Apartments B31, B34, D31, D34, E31, E34, F31, F34, G31, G34, I31 and I34 which were (under their previous numbering) previously Plan 1 Apartments are now Plan 2V Apartments. Plan 2V Apartments are similar to Plan 2 Apartments, but with a different floor plan for the mezzanine level (which was formerly called the loft level). Page 1 of the specimen Deposit Receipt, Reservation and Sales Agreement was revised to add reference to Apartment Plan 2V.
5. **Apartment Plans.** The sizes of each of the apartment plans, including their appurtenant lanai/storage/entry areas, have changed from what was reflected in the Preliminary Public Report for the project. See page 11 of this public report for more complete information on apartment plan sizes. As a result of such changes, the common interests appurtenant to the respective apartments

have been revised from what was reflected in the Preliminary Public Report. See EXHIBIT "E" of this public report for more complete information on common interest allocation.

6. Parking Stalls. There have been changes from the preliminary public report in the parking stall assignments for most of the apartments. See Exhibit "B" to this public report for a complete and current assignment of parking stalls that will be appurtenant to apartments covered by this report. **Purchasers who entered into reservation agreements pursuant to the preliminary public report for one of the apartments covered by this contingent final public report should specifically consider the changes in the parking stall designations.**
7. Parking Stall Location. The location of certain of the parking stalls has changed from what was shown on the proposed Condominium Map site plan that was submitted with the preliminary public report. For the current location of the parking stalls, see the site plan on the final Condominium Map, which was submitted with this public report.
8. Recreation Facility. The Recreation Facility has changed from what was reflected on the proposed Condominium Map submitted with the preliminary public report for the project. The Recreation Facility now consists of three buildings connected by trellises and the layout of the Recreation Facility buildings has changed. Further, the Recreation Facility now includes a common mail room, as shown on the Condominium Map. It is expected that all or portions of the office rooms and the reception room located within the Recreation Facility will be used for rental management, resort activities and related purposes, and the Developer, on behalf of the Association, may lease such areas to a rental management or similar company for such purposes.
9. Common Interests. As a result of the above-referenced changes in the apartment types and sizes, the common interests of the apartments have been adjusted. The draft Declaration that was submitted with the preliminary public report has been revised to reflect the adjustment in the common interests. Exhibit "E" to this public report shows the current common interest for each of the 108 apartments in Buildings A, B, C, D, E, F, G, H and I.
10. Declaration. Various revisions have been made to the draft Declaration of Condominium Property Regime. The Declaration was revised to reflect the above-referenced changes in the apartment types and sizes, the common interests, the Recreation Facility and the parking stall assignments. The Declaration was also revised to reserve the right to the Developer to enter into a lease, on behalf of the Developer, the board of directors and/or the Association, with a rental management company for the rental management company's use of all or portions of the office rooms and reception room within the Recreation Facility for rental management and resort activities. The Declaration was also revised to make it clear that the Association will be responsible for the obligations imposed upon it pursuant to any easements (including utility easements) assigned to it by the Developer.
11. Bylaws. The draft Bylaws of the Association of Apartment Owners were revised to require that any modifications to any of the floor covering in the apartments (including flooring on the ground level of an apartment), including the removal of any portion of the carpet or floor tile, be replaced with a floor covering that complies with the then-current standards for sound attenuation. See Section 8.5(e) of the Bylaws for details on this requirement.
12. Condominium Map. Various revisions have been made to the draft Condominium Map. The Condominium Map was revised to reflect the above-referenced changes in the apartment types and sizes, the Recreation Facility and the parking stall locations.
13. Sales Contract. Various revisions were made to Section D.1 of the Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract"), relating to a disclaimer of warranties by the Developer and the general contractor. See Section F.1 of this public report.

14. Project Rules. The proposed Project Rules, which have not yet been adopted, were revised to include a requirement that garage doors remain fully closed at all times, except when a vehicle is in the process of entering or exiting the garage.
15. Real Estate Broker. There has been a change from the preliminary public report regarding the Real Estate Broker. See Section I of this public report for the name of the current Real Estate Broker connected with the project.

**SPECIAL ATTENTION SHOULD BE GIVEN TO THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J")**

#### SPECIAL ATTENTION

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This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to certain of the first floor units is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines on the Condominium Map bounding such limited common element yard area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

## I. PERSONS CONNECTED WITH THE PROJECT

Developer: SunStone Realty Partners XIV LLC Phone: (808) 523-9881  
Name\* (Business)  
1001 Bishop Street, Pauahi Tower, Suite 1250  
Business Address  
Honolulu, Hawaii 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

SunStone Realty Partners XIV LLC  
Curtis D. DeWeese (manager)

Real Estate Broker\*: Kona Village Realty, Inc. Phone: (808) 322-2991  
Name (Business)  
PMB 179, 75-1027 Henry Street  
Business Address  
Kailua-Kona, Hawaii 96740

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 329-6666  
Name (Business)  
75-170 Hualalai Road, Bldg. C, Suite 310  
Business Address  
Kailua-Kona, Hawaii 96740

General Contractor\*: SunStone Builders LLC Phone: (808) 523-9881  
Name (Business)  
1001 Bishop Street, Pauahi Tower, Suite 1250  
Business Address  
Honolulu, Hawaii 96813

Condominium: Management Consultants of Hawaii Phone: (808) 661-8795  
Managing Agent\*: Name (Business)  
P.O. Box 10039  
Business Address  
Lahaina, Hawaii 96761

Attorney for Developer: Case Bigelow & Lombardi Phone: (808) 547-5400  
(Scott D. Radovich/David F. Andrew)  
Name (Business)  
Pacific Guardian Center, Mauka Tower  
737 Bishop Street, Suite 2600  
Business Address  
Honolulu, Hawaii 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

☐ Proposed  
☒ Recorded - Bureau of Conveyances Document No. 2002-004021  
Book \_\_\_\_\_ Page \_\_\_\_\_  
☐ Filed - Land Court Document Number \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

☐ Proposed  
☒ Recorded - Bureau of Conveyances Condominium Map No. 3390  
☐ Filed - Land Court Condominium Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed  
☒ Recorded - Bureau of Conveyances Document No. 2002-004022  
Book \_\_\_\_\_ Page \_\_\_\_\_  
☐ Filed - Land Court Document Number \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:



- D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☒ Proposed\*                      ☐ Adopted                      ☐ Developer does not plan to adopt House Rules

**\*The proposed Project Rules submitted to the Real Estate Commission along with this public report may be substantively revised by the Developer and/or the board of directors of the association of apartment owners both before and after the Project Rules are adopted.**

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority Vote of Board of Directors</u>

\* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

- ☐ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- ☒ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

[See Exhibit J to this public report]

### III. THE CONDOMINIUM PROJECT

#### A. Interest to be Conveyed to Buyer:

☒ Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.

☐ Leasehold or Sub-leasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:      ☐ Monthly                      ☐ Quarterly  
                                 ☐ Semi-Annually              ☐ Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per ☐ Month ☐ Year

#### For Sub-leaseholds:

☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                 ☐ Canceled                      ☐ Foreclosed

☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

☐ Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold.

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:      ☐ Monthly                      ☐ Quarterly  
                                 ☐ Semi-Annually              ☐ Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

☐ Other:

### **IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

#### **B. Underlying Land:**

Address: Lot 3 (Waikoloa Resort - Phase V) Tax Map Key (TMK): (3) 6-9-08:3  
(Waikoloa Beach Drive)

☐ Address ☐ TMK is expected to change because \_\_\_\_\_

Land Area: 9.796\* ☐ square feet ☒ acre(s) Zoning: RM-1.5

\*This represents the land area for the entire project, which includes all 165 apartments.

Fee Owner: SunStone Realty Partners XIV LLC  
Name

1001 Bishop Street, Pauahi Tower, Suite 1250  
Address

Honolulu, HI 96813

Lessor: N/A  
Name

Address

**C. Buildings and Other Improvements:**

1. ☒ New Building(s)  
☐ Conversion of Existing Building(s)  
☐ Both New Building(s) and Conversion

2. Number of Buildings: 9\* Floors Per Building 2/3

☒ Exhibit A contains further explanations.

3. Principal Construction Material:

☒ Concrete ☐ Hollow Tile ☒ Wood

☒ Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>108*</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: <u></u>	<u></u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

☒ Yes ☐ No

\* This figure represents the 9 buildings and 108 apartments covered by this report (there being a total of 165 apartments in the entire project).

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[ X ] Pets No pets allowed, except as may be permitted by the rules and regulations of the Waikoloa Beach Resort Master Association.

[ X ] Number of Occupants: No more than two permanent residents per bedroom. Permanent residence is defined as residence of twenty-six consecutive days or more.

[ X ] Other: Apartments shall be used for residential purposes only; no "time-sharing" permitted; no water beds without Board approval.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 14 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity*</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)**</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>Plan 1</u>	<u>48</u>	<u>2/2</u>	<u>1033</u>	<u>188</u>	<u>Exterior lanai/storage area</u>
<u>Plan 2</u>	<u>12</u>	<u>2/2</u>	<u>1237</u>	<u>187</u>	<u>Exterior lanai/storage area</u>
<u>Plan 2V</u>	<u>12</u>	<u>2/2</u>	<u>1233</u>	<u>187</u>	<u>Exterior lanai/storage area</u>
<u>Plan 3***</u>	<u>18</u>	<u>2/2</u>	<u>1172</u>	<u>194</u>	<u>Exterior lanai/storage area</u>
<u>Plan 4****</u>	<u>18</u>	<u>3/3</u>	<u>1613</u>	<u>329</u>	<u>Entry area/lanai/storage</u>
<u>Plan 4A*****</u>	<u>*****</u>	<u>3/3</u>	<u>1702</u>	<u>329</u>	<u>Entry area/lanai/storage</u>
Total Number of Apartments		<u>108*</u>			

\* These figures represent the 9 buildings and 108 apartments covered by this report (there being a total of 165 apartments in the entire project).

\*\* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

\*\*\* The bedrooms of the Plan 3 apartments located on the third floor of a building have an additional window.

\*\*\*\* The Plan 4 and Plan 4A apartments located in Building Type III have an upper-level and lower-level trellis.

\*\*\*\*\* Apartment Plan 4A is a construction option alternative to Apartment Plan 4, and apartments will be appropriately designated by amendment to the condominium declaration.

The floor areas shown are approximate only.

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.** The areas of the apartments are likely to vary somewhat. Even apartments of the same type may differ in their actual areas. The Developer makes no representations or warranties as to the floor area of any particular apartment.

**Boundaries of Each Apartment:** Each Apartment includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais and entries, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and entries and to the interior edge of the exterior railings or other boundaries of such lanais and entries, the storage area, if any, adjacent to the lanais as shown on the Condominium Map, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heaters), air conditioning units, if any, wires, conduits and other utility or service lines and facilities servicing only the Apartment. The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior edge of the exterior railings or other exterior boundaries of the lanais and entries, if any, shown on the Condominium

Map, or any pipes, shafts, wires, conduits or other utility or service lines running through an Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in the condominium declaration.

**Permitted Alterations to Apartments:** Alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment shall require the written approval of the Board of Directors, all apartment owners directly affected, as determined by the Board of Directors, first mortgage lien holders of such an apartment (if required) and appropriate government agencies. Any alteration or addition different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment to the condominium declaration, as provided in Section L of the condominium declaration. The Developer may make certain alterations as provided in Section L of the condominium declaration. See Exhibit J to this public report.

**Apartments Designated for Owner-Occupants Only:**

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls\*:

Total Parking Stalls: 135

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned (for each unit)	<u>22</u>	<u>86**</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>108</u>
Guest	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Unassigned	<u>      </u>	<u>27</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>27</u>
Extra for Purchase	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Other: <u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Covered & Open:	<u>135</u>	<u>      </u>	<u>0</u>	<u>      </u>	<u>0</u>	<u>      </u>	<u>135</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- \* These figures reflect the 9 buildings and 108 apartments covered by this report (there being a total of 165 apartments in the entire project).  
 \*\* 3 are oversized for the handicapped  
 \*\*\* The Developer has reserved the right to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the project, or as guest parking stalls for the project. See Exhibit J to this public report.

☐ Commercial parking garage permitted in condominium project.

☒ Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

☐ There are no recreational or common facilities.

☒ Swimming pool

☐ Storage Area

☒ Recreation Area

☐ Laundry Area

☐ Tennis Court

☐ Trash Chute/Enclosure(s)

☒ Other: Barbeque area; Trash receptacle areas; Common mail room

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

☒ There are no violations.

☐ Violations will not be cured.

☐ Violations and cost to cure are listed below:

☐ Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

(Not Applicable.)

11. Conformance to Present Zoning Code

a. ☒ [ X ] No variances to zoning code have been granted.

☐ [ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u>                    </u>	<u>                    </u>
Structures	<u>X</u>	<u>                    </u>	<u>                    </u>
Lot	<u>X</u>	<u>                    </u>	<u>                    </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

**D. Common Elements, Limited Common Elements, Common Interest:**

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

☒ [ X ] described in Exhibit C.

☐ [ ] as follows:



2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit D.

☐ as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☒ described in Exhibit E.

☐ as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated July 9, 2002 and issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Effect on Buyer's Interest and Deposit  
if Developer Defaults or Lien is

Type of Lien

Foreclosed Prior to Conveyance

Mortgage(s) and related security interests

The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. **Building and Other Improvements:**

The Seller, either directly or by its general contractor, SunStone Builders LLC, makes no warranties itself regarding the Apartment or the Project, but the Seller agrees that any and all warranties given to the Seller by subcontractors or vendors (which does NOT include SunStone Builders LLC) rendering work or materials to the Apartment or the Project shall accrue to the Buyer and/or the Association at closing without further instruments or documents. The Buyer acknowledges and agrees that the Seller and SunStone Builders LLC are not adopting any contractor's warranty or acting as co-warrantor, but the Seller is merely attempting to pass through to the Buyer the benefits of such subcontractor's and vendor's warranties, if any.

2. **Appliances:**

The Seller shall also assign or cause to be assigned to the Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the Apartment. The Buyer acknowledges that the Seller is only passing through to Buyer any such manufacturer's or dealer's warranties. The Seller and SunStone Builders LLC are not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered thereby. The terms of the manufacturer's or dealer's written warranties are available for the Buyer's examination at the Seller's sales office.

**G. Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction is currently in progress, and is anticipated to be completed by approximately January 1, 2004.

**H. Project Phases:**

The developer [ X ] has [ ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

The 108 Apartments (Buildings A, B, C, D, E, F, G, H and I) covered by this contingent final public report are being, and may continue to be, developed pursuant to rights reserved to the developer to develop incrementally (see Exhibit J to this public report).

#### IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

**Initial Condominium Managing Agent:** When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

☒ [ X ] not affiliated with the Developer ☐ [ ] the Developer or the Developer's affiliate.  
☐ [ ] self-managed by the Association of Apartment Owners ☐ [ ] Other: \_\_\_\_\_

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☐ [ ] None ☒ [ X ] Electricity (X Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
☐ [ ] Gas (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
☒ [ X ] Water ☒ [ X ] Sewer ☐ [ ] Television Cable  
☒ [ X ] Other Refuse collection; Telephone charges for managing agent; Master Waikoloa Resort Association Fees

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

☐ Notice to Owner Occupants

☒ Specimen Sales Contract

Exhibit H contains a summary of the pertinent provisions of the sales contract.

☒ Escrow Agreement dated March 22, 2001

Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

☐ Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Contingent Final Report or Supplementary Report to a Contingent Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days after the date the report(s) were delivered to the buyer.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended..
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other:

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 4879 filed with the Real Estate Commission on May 29, 2002.

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C. Additional Information Not Covered Above

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

SunStone Realty Partners XIV LLC  
Printed Name of Developer

By: SunStone Realty Partners XIV LLC

By:   
Duly Authorized Signatory\*

7/17/02  
Date

Curtis D. DeWeese, Manager  
Print Name and Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii  
Planning Department, County of Hawaii

**\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**



## EXHIBIT A

### DESCRIPTION OF BUILDINGS

The portion of the Project covered by this report shall contain nine residential apartment buildings, six of which shall each contain fourteen apartments, and three of which shall each contain eight apartments. The Project shall also contain three "Recreation Facility" buildings, which shall contain no apartments. Among the Recreation Facility buildings there shall be two restrooms, a supply room, an exercise room, two offices, a mail room, a reception room, and three storage rooms. None of the buildings shall have a basement. The buildings shall be constructed principally of concrete, wood, steel, glass and related building materials.

There shall be three different apartment building types in the Project, designated as Type I, Type II and Type III. Each Building Type I shall have three floors and a mezzanine level, and shall have fourteen apartments, eight of which are Plan 1 apartments, two of which are Plan 2 apartments, two of which are Plan 2V apartments and two of which are Plan 4 apartments. Each Building Type II shall have three floors, and shall have eight apartments, six of which are Plan 3 apartments and two of which are Plan 4 or Plan 4A apartments. Building Type III shall have two floors, and shall have five apartments, two of which are Plan 4 or Plan 4A apartments, and three of which are Plan 5 apartments.

Each apartment building is identified on the Condominium Map by a capital letter designation. The following is a list of the apartment buildings in the Project by building type and letter designation covered by this report:

<u>Building</u>	<u>Building Type</u>
A	II
B	I
C	II
D	I
E	I
F	I
G	I
H	II
I	I

The following is a list of the other apartment buildings (covered by an existing final report in Registration No. 4635) in the Project by building type and letter designation:

<u>Building</u>	<u>Building Type</u>
J	I
K	II
L	II
M	III
N	I
O	II

The apartments will be constructed according to five different basic floor plans, as follows:

#### Apartment Plan 1

One-story apartment containing 2 bedrooms, 2 bathrooms, a combined living room/dining room, kitchen, lanai and storage area. Each Plan 1 apartment contains a net living area of approximately 1033 square feet, plus an exterior lanai/storage area of approximately 188 square feet. The configurations of Plan 1 apartments located side-by-side or on opposite sides in the same building are the reverse or mirror image of each other.

#### Apartment Plan 2

Two-level apartment containing 2 bedrooms, 2 bathrooms, a combined living room/dining room, kitchen, mezzanine area, lanai and two storage areas. Each Plan 2 apartment contains a net living area (including mezzanine) of approximately 1237 square feet, plus an exterior lanai/storage area of approximately 187 square feet. The configurations of Plan 2 apartments located side-by-side in the same building are the reverse or mirror image of each other.

#### Apartment Plan 2V

Two-level apartment containing 2 bedrooms, 2 bathrooms, a combined living room/dining room, kitchen, mezzanine area, lanai and a storage area. Each Plan 2V apartment contains a net living area (including mezzanine) of approximately 1233 square feet, plus an exterior lanai/storage area of approximately 187 square feet. The configurations of Plan 2V apartments located on opposite sides in the same building are the reverse or mirror image of each other.

#### Apartment Plan 3

One-story apartment containing 2 bedrooms, 2 bathrooms, a combined living room/dining room, kitchen and nook area, lanai and storage area. Each Plan 3 apartment contains a net living area of approximately 1172 square feet, plus an exterior lanai/storage area of approximately 194 square feet. The configurations of Plan 3 apartments located side-by-side in the same building are the reverse or mirror image of each other. The bedrooms of the Plan 3 apartments located on the third floor of a building have an additional window.

#### Apartment Plan 4

Two-story apartment containing 3 bedrooms, 3 bathrooms, a great room, dining room, kitchen, lanai and storage area. Each Plan 4 apartment contains a net living area of approximately 1613 square feet, plus lanai/storage/entry areas of approximately 329 square feet. The configurations of Plan 4 or Plan 4A apartments located on opposite sides in the same building are the reverse or mirror image of each other. The Plan 4 apartments located in Building Type III have an upper-level and lower-level trellis.

#### Apartment Plan 4A (den option)

Two-story apartment containing 3 bedrooms, 3 bathrooms, a great room, den, dining room, kitchen, lanai and storage area. Each Plan 4A apartment contains a net living area of approximately 1702 square feet, plus lanai/storage/entry areas of approximately 329 square feet. The configurations of Plan 4 or Plan 4A Apartments located on opposite sides in the same building are the reverse or mirror image of each other. The Plan 4A apartments located in Building Type III have an upper-level and lower-level trellis.

#### Apartment Plan 5

Two-story apartment containing 3 bedrooms, 3 bathrooms, a great room, dining room, kitchen, den/retreat area, lanai and storage areas. Each Plan 5 apartment contains a net living area of approximately 1824 square feet, plus exterior entry/lanai/storage area of approximately 418 square feet. The configurations of certain Plan 5 apartments located side-by-side in the same building, as indicated on the Condominium Map, are the reverse or mirror image of each other.

**EXHIBIT B****PARKING STALLS (for the 108 apartments covered by this report)**

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the uncovered parking stall(s) designated below, located as shown on the Condominium Map.

APT. #	STALL #
A1	9(H)
A2	12
A3	5
A4	8
A21	11
A22	6
A31	10
A32	7
B1	39
B2	44
B3	43
B4	25
B5	24
B6	33
B21	42
B22	41
B23	35
B24	34
B31	38
B32	40
B33	37
B34	36
C1	79(H)
C2	71
C3	73
C4	66
C21	75
C22	69
C31	74

APT. #	STALL #
C32	70
D1	97
D2	85
D3	84
D4	83
D5	82
D6	90
D21	95
D22	94
D23	92
D24	93
D31	88
D32	91
D33	96
D34	89
E1	99
E2	124
E3	123
E4	122
E5	121
E6	98
E21	119
E22	87
E23	86
E24	120
E31	100
E32	117
E33	118
E34	101

APT. #	STALL #
F1	111
F2	108
F3	107
F4	115
F5	114
F6	104
F21	110
F22	109
F23	105
F24	106
F31	112
F32	113
F33	103
F34	102
G1	146
G2	143
G3	142
G4	159
G5	160
G6	139
G21	145
G22	144
G23	140
G24	141
G31	147
G32	148

APT. #	STALL #
G33	138
G34	137
H1	198(H)
H2	195
H3	151
H4	154
H21	196
H22	152
H31	197
H32	153
I1	208
I2	205
I3	210
I4	211
I5	212
I6	201
I21	207
I22	206
I23	203
I24	204
I31	209
I32	200
I33	202
I34	199

**Note:** A parking stall marked with a number designation only, as shown on the list above and on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with an "(H)" indicates a parking stall that is oversized for the handicapped. The additional "(H)" markings appearing on the list above and/or the Condominium Map are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of legal identification being the numerical designation of the parking stall.

**The Developer has reserved the right, by amendment to the Declaration in accordance with Section T.2 of the Declaration, to convey or otherwise designate any parking stall not designated above as a limited common element to be appurtenant to and for the exclusive use of any apartment in the Project, or to be used as a guest parking stall for the Project.**

**EXHIBIT C**  
**COMMON ELEMENTS**

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the condominium declaration, in fee simple.
2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings (except lanai railings), entrances and exits of the buildings and/or apartments, and other building appurtenances.
3. All yards, grounds, gardens, planters, plants, landscaping, refuse facilities and recreational facilities, if any.
4. All sidewalks, pathways, retaining walls, entry gates, entry monuments, driveways, roads, parking areas and parking stalls.
5. All elevators, ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
7. The "Recreation Facility" and related amenities, including restrooms, showers, pool and other facilities, located as shown on the Condominium Map.
8. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" to the condominium declaration.
9. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
10. All other parts of the Project which are not included in the definition of an Apartment.

## EXHIBIT D

### LIMITED COMMON ELEMENTS

Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Parking Stalls:

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use the uncovered parking stall(s) designated on Exhibit "B" to this Public Report.

2. Carports/Garages:

The air space within the perimeter walls or other exterior boundaries of each carport or garage area, and the interior surfaces of such perimeter walls, and the fixtures, if any, originally installed in such carport or garage, are limited common elements appurtenant to the apartment(s) to which the parking stall(s) therein are appurtenant.

3. Stairways and Landings:

Each stairway and landing area providing access to upper floor apartments is a limited common element appurtenant to the apartment(s) so served.

4. Mailboxes:

Each mailbox bearing the same identification as an apartment is a limited common element appurtenant to that apartment.

# EXHIBIT E

## COMMON INTERESTS (for the 108 apartments covered by this report)\*

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
Plan 1 (48)	B2, B3, B4, B5, B21, B22, B23, B24, D2, D3, D4, D5, D21, D22, D23, D24, E2, E3, E4, E5, E21, E22, E23, E24, F2, F3, F4, F5, F21, F22, F23, F24, G2, G3, G4, G5, G21, G22, G23, G24, I2, I3, I4, I5, I21, I22, I23, I24	.00513 (0.513%)
Plan 2 (12)	B32, B33, D32, D33, E32, E33, F32, F33, G32, G33, I32, I33	.00614 (0.614%)
Plan 2V (12)	B31, B34, D31, D34, E31, E34, F31, F34, G31, G34, I31, I34	.00611 (0.611%)
Plan 3 (18)	A2, A3, A21, A22, A31, A32, C2, C3, C21, C22, C31, C32, H2, H3, H21, H22, H31, H32	.00581 (0.581%)
Plan 4 (18)	A1, A4, B1, B6, C1, C4, D1, D6, E1, E6, F1, F6, G1, G6, H1, H4, I1, I6	.00798 (0.798%)
Plan 4A	**	.00798 (0.798%)
Plan 5 (0)	—	.00904 (0.904%)

\*Note: The total of all the common interests listed above does not equal 1.0000 (100.00%) because the 57 apartments in Buildings J, K, L, M, N and O, which are part of the Project, are not covered by this public report. The total of the common interests appurtenant to the apartments in Buildings J, K, L, M, N and O is 0.35854 (35.854%).

\*\*Apartment Plan 4A is a construction option alternative to Apartment Plan 4, and apartments will be appropriately designated by amendment to this Declaration pursuant to Section L.3(a).

**EXHIBIT F**  
**ENCUMBRANCES AGAINST TITLE**

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Designation of Easement "3" for archaeological purposes, as shown on File Plan No. 2001.
4. Designation of Easement "4" (15 feet wide) for golf carpath and irrigation line purposes, as shown on File Plan No. 2001.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort dated as of April 1, 1980, effective on April 23, 1980, recorded at the Bureau of Conveyances as Document No. 14670 at Page 531, as amended and/or supplemented by the following instruments:
  - (a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 607,
  - (b) dated December 30, 1980, effective December 30, 1980, recorded in Liber 15297 at Page 147,
  - (c) dated June 10, 1981, effective as of July 1, 1981, recorded in Liber 15676 at Page 497,
  - (d) dated October 29, 1985, recorded in Liber 19071 at Page 562,
  - (e) dated December 20, 1985, recorded in Liber 19166 at Page 388,
  - (f) dated December 9, 1985, recorded in Liber 19166 at Page 392,
  - (g) dated December 20, 1985, recorded in Liber 19166 at Page 412,
  - (h) dated as of June 1, 1986, recorded in Liber 19792 at Page 339,
  - (i) dated as of May 1, 1989, recorded in Liber 23187 at Page 750,
  - (j) dated as of August 24, 1989, recorded in Liber 23588 at Page 784,
  - (k) dated October 25, 1989, recorded in Liber 23806 at Page 164,
  - (l) dated as of September 8, 1989, recorded in Liber 24007 at Page 530, Joinder and Consent (WBR) dated February 26, 1990, recorded as Document No. 90-057829,
  - (m) dated as of May 21, 1990, recorded as Document No. 90-074294,
  - (n) dated as of May 24, 1990, recorded as Document No. 90-077240,
  - (o) dated as of August 7, 1990, recorded as Document No. 90-120680,
  - (p) dated as of September 27, 1990, recorded as Document No. 90-150228, Joinder and Consent dated September 26, 1990, recorded as Document No. 90-150229,
  - (q) dated October 9, 1991, recorded as Document No. 91-166876,
  - (r) dated March 12, 1993, but effective as of August 16, 1990, recorded as Document No. 93-041631,
  - (s) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041633,
  - (t) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041635,
  - (u) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041637,
  - (v) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041639,



- (w) dated April 1, 1993, but effective as of February 8, 1991, recorded as Document No. 93-067585,
- (x) dated November 3, 1993, recorded as Document No. 93-203157,
- (y) dated February 2, 2001, recorded as Document No. 2001-020530, and
- (x) dated June 6, 2001, recorded as Document No. 2001-085464.

SUPPLEMENTAL DECLARATION dated May 1, 1989, recorded in Liber 23179 at Page 433, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, "Assignee".

By an instrument entitled "CONSENT AND SUBORDINATION TO SUPPLEMENTAL DECLARATION (RELEASING COVERED PROPERTY); SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT; AND SUPPLEMENTAL DECLARATION (ANNEXING REAL PROPERTY)" dated December 4, 1985, recorded in Liber 19166 at Page 420, consent is given by AETNA LIFE INSURANCE COMPANY, as Mortgagee under Mortgage recorded in Liber 14671 at Page 150.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the following:

INSTRUMENT : DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE

DATED : as of April 1, 1980, effective on April 23, 1980  
 RECORDED : Liber 14670 Page 631

Said Declaration was amended and/or supplemented by the following instrument, namely,

- (a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 674,
- (b) dated December 20, 1985, recorded in Liber 19166 at Page 426,
- (c) dated December 20, 1985, recorded in Liber 19166 at Page 434,
- (d) dated December 20, 1985, recorded in Liber 19166 at Page 438,
- (e) dated December 20, 1985, recorded in Liber 19166 at Page 448,
- (f) dated as of June 1, 1986, recorded in Liber 19792 at Page 344,
- (g) dated as of May 1, 1989, recorded in Liber 23187 at Page 757,
- (h) dated as of August 24, 1989, recorded in Liber 23588 at Page 788,
- (i) dated October 25, 1989, recorded in Liber 23806 at Page 168,
- (j) dated as of September 8, 1989, recorded in Liber 24007 at Page 521, Joinder and Consent (WBRC) dated February 26, 1990, recorded as Document No. 90-057830,
- (k) dated as of May 21, 1990, recorded as Document No. 90-074295,
- (l) dated as of May 24, 1990, recorded as Document No. 90-077241,
- (m) dated as of August 7, 1990, recorded as Document No. 90-120681,
- (n) dated as of September 27, 1990, recorded as Document No. 90-150230, and
- (o) dated May 1, 1995, recorded as Document No. 95-060406.

SUPPLEMENTAL DECLARATION (ASSIGNING DECLARANT'S RIGHTS) dated December 27, 1990, recorded as Document No. 91-160953, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii limited partnership, "Assignee".

By an instrument entitled "CONSENT AND SUBORDINATION TO FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE; SUPPLEMENTAL DECLARATION (RELEASING COVERED PROPERTY); SECOND AMENDMENT TO DECLARATION; AND SUPPLEMENTAL DECLARATION (ANNEXING REAL PROPERTY)", dated December 4, 1985, recorded in Liber 19166 at Page 456, consent is given by AETNA LIFE INSURANCE COMPANY, as Mortgagee under Mortgage recorded in Liber 14671 at Page 150.

Said Declaration was further amended by FOURTH AMENDMENT TO AND RESTATEMENT OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE dated May 1, 1998, recorded as Document No. 98-138993.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : May 24, 1990

RECORDED : Document No. 90-077247

The foregoing includes, but is not limited to, matters relating to the following:

- (a) "Excepting and reserving unto Grantor, and its successors and assigns, a perpetual, exclusive easement for archaeological purposes over, under, across, along, upon and through those portions of Easement 3 as shown on File Plan 2001, filed in the Bureau of Conveyances of the State of Hawaii, which fall within the granted premises.

Also excepting and reserving unto Grantor, and its successors and assigns, a perpetual, nonexclusive easement for golf carpath and irrigation pipeline purposes over, under, across, along, upon and through Easement 4 as shown on File Plan 2001, filed in the Bureau of Conveyances of the State of Hawaii, affecting said Lot 6 and the granted premises.

Also excepting and reserving unto Grantor, and its successors and assigns, all water and water rights within or belonging or appertaining to or under the granted premises, together with the right to assign and transfer said rights to the State or Hawaii, County of Hawaii, any appropriate governmental agency, public utility, and/or any other corporation, partnership or individual; provided, however, that in the exercise of said rights, the Grantor, its successors and assigns, shall not have the right to drill upon or otherwise disturb the surface of the land within the granted premises or any improvements thereon."; and

- (b) Restrictions relative to construction within the building setback line area as more particularly described therein.

8. GRANT OF EASEMENT in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE VERIZON HAWAII INC., dated May 20, 1991, recorded as Document No. 91-168743; granting the right in the nature of a perpetual nonexclusive easement for utility purposes, upon, across, through and under Easement "E-2" more particularly described as follows:

Land situated at Anaehoomalu, South Kohala, Island of Hawaii, Hawaii.

Being a portion of Royal Patent Number 7523, Land Commission Award Number 4452, Apana 4 to H. Kalama

Being a portion of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001)

Beginning at a 1/4" pipe at the northeast corner of this parcel of land, on the boundary line between the lands of Anaehoomalu and Waikoloa, the coordinates of which referred to Government Survey Triangulation Station "PUU HINAI" being 5,634.02 feet north and 35,100.73 feet west and running by azimuths measured clockwise from true South:

1.	33°	37'	05"	108.45	feet along the land of Waikoloa, along Lot 3 of Waikoloa Beach Resort, Phase VI (File Plan 2013);
2.	62°	31'	30"	133.07	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
3.	33°	17'	05"	11.00	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
4.	303°	17'	05"	65.11	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);

5.	33°	17'	05"	10.00	feet along the land of Waikoloa, along Lot 3 of Waikoloa Beach Resort, Phase VI (File Plan 2013);
6.	123°	17'	05"	60.42	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
7.	175°	40'		9.15	feet along Lot 1 of Waikoloa Beach Resort, Phase V (File Plan 2001) to a ½" pipe;
8.	132°	40'		9.12	feet along Lot 1 of Waikoloa Beach Resort, Phase V (File Plan 2001);
9.	213°	71'	05"	14.88	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
10.	242	31'	30"	133.07	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
11.	213°	17'	05"	106.24	feet along the remainder of Lot 3 of Waikoloa Beach Resort, Phase V (File Plan 2001);
12.	305°	34'		10.01	feet along Lot 1 of Waikoloa Beach Resort, Phase V (File Plan 2001) to the point of beginning and containing an area of 3,186 square feet, more or less.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : GOLF COURSE LICENSE AGREEMENT

DATED : October 28, 1992

RECORDED : Document No. 92-178511

PARTIES : WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii general partnership

Said License Agreement is subject to any matters arising from or affecting the same.

10. Unrecorded Roadway License dated October 18, 1983, as amended by instruments dated March 12, 1993, effective August 16, 1990, recorded as Document No. 93-041632, and dated May 4, 1995, effective October 17, 1993, recorded as Document No. 95-064087.
11. Any unrecorded leases and matters arising from or affecting the same.
12. Any Encroachments or any other matters as shown on survey map prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, dated March 30, 2001.
13. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : SUNSTONE REALTY PARTNERS XIV LLC, a Hawaii limited liability company

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : September 18, 2001

RECORDED : Document No. 2001-146783

14. FINANCING STATEMENT

DEBTOR : SUNSTONE REALTY PARTNERS XIV LLC, a Hawaii limited liability company  
SECURED  
PARTY : FIRST HAWAIIAN BANK, a Hawaii corporation  
RECORDED ON: September 18, 2001  
RECORDED : Document No. 2001-146784

15. REAL PROPERTY MORTGAGE; SECURITY AGREEMENT; ASSIGNMENT OF RENTS; AND FINANCING STATEMENT

MORTGAGOR : SUNSTONE REALTY PARTNERS XIV LLC, a Hawaii limited liability company  
MORTGAGEE : ZILBER LTD., a Delaware corporation  
DATED : June 5, 2001  
RECORDED : Document No. 2001-146786

16. FINANCING STATEMENT

DEBTOR : SUNSTONE REALTY PARTNERS XIV LLC  
SECURED  
PARTY : ZILBER LTD.  
RECORDED ON: September 18, 2001  
RECORDED : Document No. 2001-146787

17. FINANCING STATEMENT

DEBTOR : SUNSTONE REALTY PARTNERS XIV LLC  
SECURED  
PARTY : ZILBER LTD.  
RECORDED ON: September 18, 2001  
RECORDED : Document No. 2001-146789

18. Declaration of Condominium Property Regime of The Fairway Villas at Waikoloa Beach Resort dated January 8, 2002, recorded in the Bureau of Conveyances as Document No. 2002-004021, as may be amended from time to time.

19. Condominium Map No. 3390, and any amendments thereto.

20. Bylaws of the Association of Apartment Owners of The Fairway Villas at Waikoloa Beach Resort dated January 8, 2002, recorded in the Bureau of Conveyances as Document No. 2002-004022, as may be amended from time to time.

21. GRANT

TO : HAWAII ELECTRIC LIGHT COMPANY, INC. and VERIZON  
HAWAII INC.  
DATED : February 4, 2002  
RECORDED : Document No. 2002-068017  
GRANTING : a perpetual right and easement for utility purposes

22. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land.

**EXHIBIT G**

**ESTIMATE OF INITIAL MAINTENANCE FEES\***

The Fairway Villas at Waikoloa Beach Resort		
<b>Apartment Type</b>	<b>Monthly Fee (per apt.)</b>	<b>Yearly Total (per apt.)</b>
Plan 1	\$270	\$3245
Plan 2	\$324	\$3883
Plan 2V	\$322	\$3864
Plan 3	\$306	\$3675
Plan 4	\$421	\$5047
Plan 4A	\$421	\$5047
Plan 5	\$476	\$5718

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

\*Reflects the entire Project including the 57 apartments covered by a separate final public report (see page 2 to this public report).

FAIRWAY VILLAS AT WAIKOLOA - UNITS 165

Estimate of Maintenance Fee Disbursements for Fairway Villas at Waikoloa

	Monthly	Yearly
Utilities and Services:		
Electricity (Common Elements Only)	\$1,705.00	\$20,460.00
Elevator:		
Gas:		
Refuse Collection:	\$1,705.00	\$20,460.00
Telephone:	\$205.00	\$2,460.00
Water and Sewer:	\$8,864.00	\$106,368.00
Maintenance Repairs and Supplies:		
Buildings:	\$336.00	\$4,020.00
Grounds:	\$6,614.00	\$79,368.00
Management:		
Management Fee:	\$2,922.00	\$35,064.00
Payroll and Taxes:	\$8,415.00	\$100,980.00
Office Expenses:	\$520.00	\$6,240.00
Insurance:	\$3,455.00	\$41,460.00
Reserves:	\$8,200.00	\$98,400.00
Taxes & Gov't Assessments	\$28.00	\$336.00
Audit Fee:	\$350.00	\$4,200.00
Other: (contingency, pool, pest cont	\$3,614.00	\$43,368.00
Master Home Owners' Association	\$5,775.00	\$69,300.00
TOTAL:	\$52,707.00	\$632,484.00

I, Nancy T. Roney, as agent for and/or employed by Management Consultants of Hawaii, the inc. condominium managing agent/developer for the FAIRWAY VILLAS AT WAIKOLOA BEACH RESORT condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Nancy T. Roney  
Signature

May 4, 2002  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.5, HRS, and the replacement reserve rules, Subchapter 5, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.5, HRS, a new association created after January 1, 1993, need not collect estimated maintenance fees until the first year ending after the association's first annual meeting.

EXHIBIT G  
(Page 2 of 3)

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in this Exhibit G to the Condominium Public Report, the developer did not conduct a reserve study in accordance with HRS § 514A-83.6 or HAR § 16-107-65. The figure is an estimate, based on reasonable projections of reserve requirements.

SUNSTONE REALTY PARTNERS XIV LLC,  
a Hawaii limited liability company

By: 

Name:

Title:

Date: 7/17/02

## EXHIBIT H

### SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary, contingent or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

(j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

(m) That in the event of a default by the purchaser under the Sales Contract, all sums paid by the purchaser under the Sales Contract shall belong to the Developer as liquidated damages, and the Developer may, in addition to such damages, pursue any other remedy, including specific performance, permitted by law or equity.

In the event of a default by the Developer under the Sales Contract, the buyer shall be entitled to remedies available to it at law or in equity.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.



## EXHIBIT I

### SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.
- (d) The purchaser will be entitled to a refund of his or her funds deposited with Escrow if the purchaser exercises purchaser's right to cancel or rescind the Sales Contract pursuant to the Hawaii Condominium Act, as set forth in the Sales Contract (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of \$250.00).
- (e) Under certain circumstances, in accordance with the Condominium Property Act, the purchaser's funds may be disbursed to the Developer to pay for construction and other costs of the Project.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

## EXHIBIT J

### RESERVED RIGHTS

- A. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file an "as built" statement required by Section 514A-12 of the Condominium Property Act.
- B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.
- C. Until all of the apartments have been sold and the "as built" statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment (other than minor changes to the size or dimensions of the yard area appurtenant to any apartment) which has been sold.
- D. The Developer may amend the Declaration to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project or in any other phase merged or to be merged with the Project, or for use as guest stalls for the Project or any other phase merged or to be merged with the Project.

E. RESERVATION TO DEVELOP INCREMENTALLY

The Developer has reserved the right, but is not obligated, to construct, sell and convey the apartments in the Project incrementally on a building-by-building or cluster-by-cluster basis. Upon the completion of each building or cluster, the Developer may obtain a certificate of occupancy for the apartments in such building or cluster and thereupon transfer ownership of the apartments to apartment purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments to the Project.

The Developer also has the right, at the discretion of the Developer, to change the apartment floor plan, or create one or more new apartment floor plans, for any or all of the apartments in an increment, and in connection therewith to amend the condominium declaration and the condominium map to reflect such changes in apartment floor plan(s) and make appropriate revisions to the common interests appurtenant to any or all apartments in the Project to reflect resulting changes in floor area.

See Section O of the Declaration for details regarding the Developer's right to develop the Project in increments.

- F. As long as the Developer controls the Board of Directors of the Association of Apartment Owners through its ownership of apartments in the Project that have a majority of the common interests, the Developer will have the right to change the Project Rules.